

NEW HAMPSHIRE INSURANCE DEPARTMENT
169 Manchester Street
Concord, NH 03301-5151

Sylvio L. Dupuis, OD
Insurance Commissioner

BULLETIN

DATE: May 20, 1996

TO: New Hampshire (state and federal) Banks, Thrifts, Co-ops, Savings Banks,
Trust Companies and Credit Unions

FROM: Sylvio L. Dupuis, OD
Insurance Commissioner

**RE: Licensing Financial Institutions and Their
Employees and Agents to Sell Annuities**

This Bulletin is to provide financial institutions and their employees and agents with assistance in complying with Insurance Department requirements relative to the direct sale of annuities. The Bulletin may be amended from time to time.

Before offering annuities for sale, each employee of the financial institution, or any other person acting on behalf of the financial institution, who will offer annuities for sale, must be appropriately licensed by the Department. In addition, the financial institution must itself be appropriately licensed by the Department.

The sale of fixed annuities requires a license issued pursuant to RSA 402:16. Variable annuity sales require an additional license, issued pursuant to RSA 408:42, as well as compliance with certain securities requirements.

I. Life Insurance Agents License

Before offering fixed annuities for sale, employees or agents of a financial institution, affiliate or subsidiary thereof who are residents¹ of New Hampshire and not

¹ A non-resident applicant must submit a certification letter from his or her resident Insurance Department. The letter should indicate the lines for which you are licensed, the length of time that you have been licensed, and the fact that your license is in good standing.

already appropriately licensed must first obtain a life insurance agent's license under RSA 402:16. An applicant must be appointed by an admitted life insurance company that issues annuities. The life insurance company must submit the application materials which are prepared in consultation with the applicant.

Application materials include the following:

1. Completed License Application, Form No. 105.02, and the appropriate filing fee;

2. Completed New Hampshire Requisition for Agent's New Licenses, Form No. 105.01;

3. An original certified copy of the applicant's criminal record obtained from the Department of Safety, Division of State Police. For information about obtaining a "Criminal History Record," call or write the Department of Safety, Criminal Records Division, 10 Hazen Drive, Concord, New Hampshire 03305, (603) 271-2535;

4. A copy of the applicant's Exam Score Report showing a passing result for the New Hampshire Agent's and Broker's Examination for Life Insurance, Series 12-6 1 or Series 12-63;

5. An "Affidavit of Experience and Employment" or "Affidavit of Educational Requirements" as applicable, in substantially the same form as contained in the License Application, Form No. 105.02;

6. A passport size photo of the applicant.

Every license issued by the Department to employees of a financial institution, or others proposing to sell annuities on behalf of a financial institution, shall bear the following endorsement thereon:

"The holder of this license agrees that any sales or offers made on behalf of a financial institution shall be limited to sales or offers of sales of annuity products. The licensee agrees to forfeit its license if at any time the licensee makes sales of, or offers for sale, on behalf of a financial institution, any life insurance or other product requiring a license, other than annuities."

II. Variable Contracts License

If you will be offering variable contracts/annuities for sale, you must, in addition to qualifying for a license under Section 1 above, be registered under the provisions of RSA

408:42. Such registration is accomplished by securing a variable contracts license. In order to obtain a variable contracts license you must: (1) hold a life insurance agent's license; (2) pass the National Association of Securities Dealers ("NASD") Series 63 examination; and/or, (3) be a New Hampshire Registered Securities Representative. For information about obtaining your securities license or registration, you can call or write, Office of Secretary of State, Securities Regulation, 25 Capitol Street, Room 324, Concord, New Hampshire 03301, (603) 271-1463.

Your appointing company must also file License Application, Form 105.02 including the detailed information sought by question 25 thereof. If you are applying for a license under both Sections I and II, of this Bulletin, and meet all applicable requirements, the appointing insurance company may submit one License Application for both licenses.

Your appointing company must be admitted to do business in New Hampshire and registered under RSA 408:35 to issue variable contracts/annuities.

All variable contract licenses issued by the Department to employees of a financial institution or others proposing to sell annuities on behalf of a financial institution shall bear the following endorsement thereon:

"The holder of this license agrees that any sales or offers made on behalf of a financial institution shall be limited to sales or offers of sales of annuity products. The licensee agrees to forfeit its license if at any time the licensee makes sales of, or offers for sale, on behalf of a financial institution, any life insurance or other product requiring a license; other than annuities."

III. Financial Institutions

A financial institution, affiliate or subsidiary thereof which directly engages in the sale of annuities, or which receives commissions or other remuneration from their sale, must offer them only through appropriately licensed employees or other individuals. In addition, such financial institution, affiliate or subsidiary, must itself obtain a corporate agent's license. The financial institution shall file License Application Form No. 105.02 and pay the application fee of \$15.00. An applying financial institution, affiliate or subsidiary thereof which directly engages in the sale of annuities will be issued the standard life insurance agent's license, restricted to the sale of annuities.

The license shall bear the following endorsement thereon:

"This license is restricted. It authorizes the licensee to sell annuity products only. This license does not authorize the

licensee to sell life insurance or any product requiring a license, other than annuities.”

IV. General Requirements To All Prospective Licensees

The sale of annuities pursuant to any of the above-described licenses will not be authorized unless:

1. Each officer of such financial institution, affiliate or subsidiary who is actively engaged in, or directly supervising others engaged in, the sale of annuities has been properly licensed pursuant to RSA 402:15; and,

2. The Department has approved the financial institution’s program for compliance with Ban 520 “Requirements and Procedures for Retail Sales of Mutual Funds and Other Uninsured Products” and the joint “Interagency Statement On Retail Sales of Non Deposit Investment Products,” dated February 15, 1994. Such programs should reflect the actual methods of compliance of these and any other applicable state and federal regulatory requirement, within each of the financial institution’s proposed sales’ locations.

3. The Department has approved the financial institution’s Plan of Operation submitted with each financial institution’s license application. Every individual’s license application should reference the corresponding financial institution’s Plan of Operation.

The Plan of Operation shall contain a business plan of the annuities sales operation within the financial institution. The business plan shall contain specific detail on the type of arrangements with all insurance companies, remuneration to the financial institution and other entities/parties, the number and identity of licensees selling annuities on behalf of the financial institution, and other information as required or requested by the Insurance Commissioner.

The Plan of Operation shall designate a contact person for insurance regulatory compliance, and shall contain an examination plan, for purposes of RSA 400-A:37.

The Commissioner will issue an order to the financial institution enumerating provisions that must be met in order for the financial institution’s annuity sales operation to commence.

V. General Advice to All Prospective Licensees

All prospective licensees should obtain and familiarize themselves with all of the New Hampshire statutes and regulations governing insurance, specifically (laws) RSA 400-A through 420-H, and (regulations/rules) Ins 100 through 3100².

Particular attention should be paid to:

- RSA 400-A General Provisions regarding rules, regulations, investigations and hearings.
- RSA 402 Licensing laws for insurance companies and agents and provisions dealing with rebating, political contributions, misrepresentations and twisting, and unauthorized insurance.
- RSA 405 Life insurance provisions including variable contracts, and the licensing of agents and salesmen.
- RSA 409-A Standard nonforfeiture law for individual deferred annuities.
- RSA 410 Standard valuation law.
- RSA 417 Unfair insurance trade practices.
- Ins 200 Departmental practices and procedures information on hearings, license suspensions, revocations, etc.
- Ins 400 Required filings for life, accident and health insurance, including variable annuity policy content requirements.
- Ins 1000 Claim settlement provisions and agent performance.
- Ins 1300 Continuing education requirements for agent licensees, fiduciary obligations.
- Ins 2600 Advertisements of insurance.

If you have any questions concerning this Bulletin, you may write or call the Department, License Division, 169 Manchester Street, Concord, New Hampshire 03301, (603) 271-2261.

² These documents may be obtained by contacting National Insurance Law Service (1-800-423-5910).